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CHARTER TOWNSHIP OF MONITOR BAY COUNTY, MICHIGAN

FINANCIAL STATEMENTS DECEMBER 31, 2007

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INDEPENDENT AUDITORS' REPORT

June 2, 2008

Township Board
Charter Township of Monitor
Bay County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Monitor, Bay County, Michigan as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the index. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Downtown Development Authority, a component unit, which statements reflect total assets of \$1,204,379 as of December 31, 2007, and total revenues of \$358,529 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Downtown Development Authority, is based on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type-activities, each major fund, and the aggregate remaining fund information of the Charter Township of Monitor as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

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Township Board
Charter Township of Monitor
June 2, 2008
Page 2

The accompanying management's discussion and analysis and budgetary comparison information as noted in the index are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Monitor Township's basic financial statements. The accompanying other supplemental information, as identified in the index, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Weinlander Fitzhugh

Charter Township of Monitor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

Our discussion and analysis of the Charter Township of Monitor's financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2007.

Financial Highlights

State shared revenues accounted for \$691,134 or 44% of general fund revenues. While tax collection revenue accounted for \$392,355 or 25% of general fund revenues. The General Fund reported an increase in fund balance of \$55,800.

Using this Annual Financial Report

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Charter Township of Monitor financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For Governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements look at the Township's operations in more detail than the Government-wide financial statements by providing information about the Township's most significant funds – the General Fund, Solid Waste Fund, and Sewage Disposal System Fund with all other funds presented in one column as nonmajor funds. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the Government-wide financial statements for the Township's water and sewer operations. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the Township acts solely as an agent or trustee.

The following summarizes the presentation included in this annual financial report.

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Basic Financial Statements

Budgetary Information for the General Fund, Solid Waste Fund, Sewage Disposal System Fund and Public Safety Fund (Required Supplemental Information)

Other Supplemental Information

Charter Township of Monitor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

Reporting the Township as a Whole

The Statement of Net Assets and Statement of Activities

One of the most important questions asked about the Township's finances is, "Is the Township better or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector businesses. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the Township's net assets as a way to measure the Township's financial position. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, and facility conditions in arriving at their conclusion regarding the overall health of the Township.

In the Statement of Net Assets and the Statement of Activities, the Township is divided into three kinds of activities:

- **Governmental Activities** – Most of the Township's basic services are reported here, including the fire, trash, inspection, drains and general administration. Sales taxes (stated shared revenues), property taxes and franchise fees finance most of these activities.
- **Business Type Activities** – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Township's water and sewer systems are reported here.
- **Component Unit** – The Township includes the Downtown Development Authority in their report. Although legally separate, this component unit is important because the Township is financially accountable for them.

Reporting the Township's Most Significant Funds

Fund Financial Statements

The Township's fund financial statements provide detailed information about the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. Other funds are established to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other sources of revenue. The Township's three types of funds, governmental, proprietary and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Charter Township of Monitor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

Governmental Funds

Most of the Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the Township's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Proprietary Funds

These funds are reported in fund financial statements and generally report services for which the Township charges a fee. Enterprise funds essentially encompass the same functions reported as business-type activities in the Government-wide statements.

These funds present the Township's water and sewer operations that are managed by the Bay County Department of Water and Sewer and the Township. The Township has sole authority to set rates and is financially responsible for the integrity of the system. The financial statements reflect the financial position and results of operations for the system for the calendar year 2007.

Fiduciary Funds

The Township is the trustee, or fiduciary, for tax collections and (other funds). All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the Township's other financial statements because the assets cannot be utilized by the Township to finance its operations.

Township-wide Financial Analysis

Financial position - The statement of net assets provides the perspective of the Township as a whole. Exhibit A provides a summary of the Township's net assets as of December 31, 2007 and 2006.

Charter Township of Monitor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

<u>Exhibit A</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Assets						
Current and other assets	\$ 4,897,141	\$ 5,030,227	\$ 1,810,881	\$ 1,683,715	\$ 6,708,022	\$ 6,713,942
Capital assets - net of accumulated depreciation	<u>754,070</u>	<u>515,021</u>	<u>8,627,622</u>	<u>9,004,487</u>	<u>9,381,692</u>	<u>9,519,508</u>
Total assets	<u>5,651,211</u>	<u>5,545,248</u>	<u>10,438,503</u>	<u>10,688,202</u>	<u>16,089,714</u>	<u>16,233,450</u>
Liabilities						
Current liabilities	1,533,832	1,597,701	764,912	607,659	2,298,744	2,205,360
Long-term liabilities	<u>180,694</u>	<u>67,443</u>	<u>312,278</u>	<u>830,680</u>	<u>492,972</u>	<u>898,123</u>
Total liabilities	<u>1,714,526</u>	<u>1,665,144</u>	<u>1,077,190</u>	<u>1,438,339</u>	<u>2,791,716</u>	<u>3,103,483</u>
Net Assets						
Invested in property and equipment - net of related debt	497,536	442,888	7,809,496	7,666,168	8,307,032	8,109,056
Restricted	1,641,167	1,695,789	0	0	1,641,167	1,695,789
Unrestricted	<u>1,797,982</u>	<u>1,741,427</u>	<u>1,551,817</u>	<u>1,583,695</u>	<u>3,349,799</u>	<u>3,325,122</u>
Total net assets	<u>\$ 3,936,685</u>	<u>\$ 3,880,104</u>	<u>\$ 9,361,313</u>	<u>\$ 9,249,863</u>	<u>\$ 13,297,998</u>	<u>\$ 13,129,967</u>

Exhibit A focuses on net assets. The Township's total net assets were \$13,297,998 at December 31, 2007. Capital assets net of related debt, totaling \$8,307,032 compares the original cost, less depreciation of the Township's capital assets to long-term debt used to finance the acquisition of those assets. Restricted net assets of \$1,641,167 are reported separately to show legal constraints that limit the Township's ability to use those net assets for day-to-day operations.

The \$3,349,799 of unrestricted net assets of governmental and business-type activities represents the *accumulated* results of all past years' operations. The operating results of the general, special revenue, and enterprise funds will have a significant impact on the change in unrestricted assets from year to year.

Results of operations - The results of this year's operations for the Township as a whole are reported in the statement of activities, which shows the changes in net assets for the years ended December 31, 2007 and 2006. Exhibit B provides a summary of the Township's operations for the years December 31, 2007 and 2006.

Charter Township of Monitor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Exhibit B</u>						
Revenue						
Program revenue:						
Charges for services	\$ 430,088	\$ 611,279	\$ 1,660,224	\$ 1,566,757	\$ 2,090,312	\$ 2,178,036
Grants and contributions	0	0	419,362	451,189	419,362	451,189
General revenue:						
Taxes	1,221,088	1,090,053	0	0	1,221,088	1,090,053
State shared revenue	691,134	698,834	0	0	691,134	698,834
Investment income	146,245	132,387	84,147	72,243	230,392	204,630
Other	237,057	21,686	0	0	237,057	21,686
Total revenue	<u>2,725,612</u>	<u>2,554,239</u>	<u>2,163,733</u>	<u>2,090,189</u>	<u>4,889,345</u>	<u>4,644,428</u>
Function/Program Expenses						
Legislative	36,938	35,691	0	0	36,938	35,691
General government	599,888	567,145	0	0	599,888	567,145
Public safety	851,542	761,580	0	0	851,542	761,580
Public works	284,462	222,233	0	0	284,462	222,233
Recreation activities	31,981	21,629	0	0	31,981	21,629
Sanitation	444,858	427,514	0	0	444,858	427,514
Payment to						
enterprise fund	419,362	451,191	0	0	419,362	451,191
Water and sewer	0	0	2,052,283	1,730,820	2,052,283	1,730,820
Total expenses	<u>2,669,031</u>	<u>2,486,983</u>	<u>2,052,283</u>	<u>1,730,820</u>	<u>4,721,314</u>	<u>4,217,803</u>
Increase in						
Net Assets	<u>\$ 56,581</u>	<u>\$ 67,256</u>	<u>\$ 111,450</u>	<u>\$ 359,369</u>	<u>\$ 168,031</u>	<u>\$ 426,625</u>

Charter Township of Monitor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

As reported in the statement of activities, the cost of all of our governmental and business-type activities this year was \$4,721,314. Certain activities were partially funded by \$2,090,312 from those who benefited from the programs, or by the other Townships and organizations that subsidized certain programs with contributions of \$419,362. We paid for the remaining "public benefit" portion of our governmental and business-type activities with \$1,221,088 in taxes, \$691,134 in state shared revenue, and with our other revenues, such as interest and miscellaneous revenues.

The governmental activities net assets experienced an increase of \$56,581 resulting from an increase in tax revenue and an increase in interest rates on investment and other earnings. Actual expenses increased \$182,048 during 2007, an increase of approximately .08% from 2006. The majority of this expense was due to the purchase of the HME custom fire truck.

The water and sewer funds experienced an increase of \$111,450 resulting from an excess of customer charges over expenditures for the year.

The Township's Funds

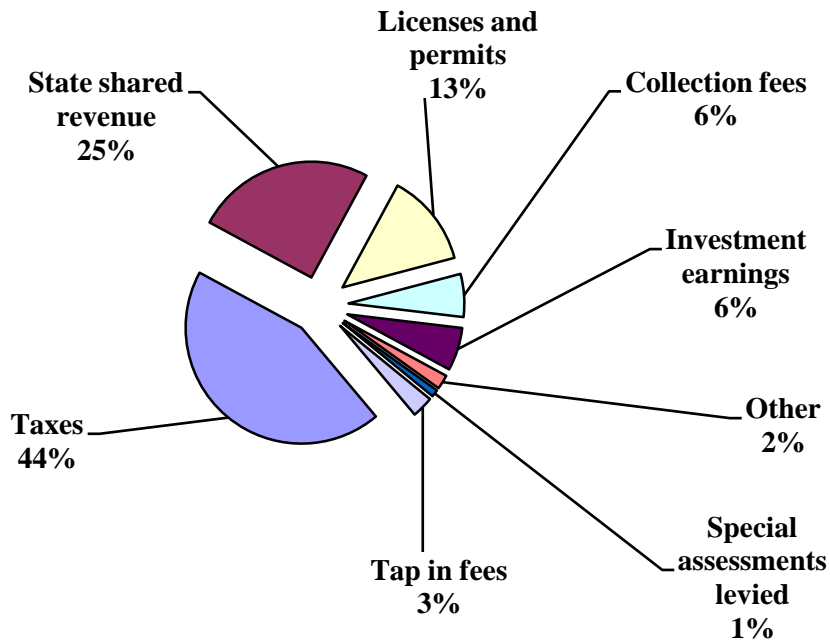
The Township uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Township is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Township's overall financial health.

The Township's governmental funds reported a combined fund balance of \$3,454,848, which is an increase from last year's total of \$3,453,669. The schedule below details the fund balance and the total change in fund balances as of December 31, 2007 and 2006.

	<u>Fund Balance</u> <u>December 31, 2007</u>	<u>Fund Balance</u> <u>December 31, 2006</u>	<u>Increase</u> <u>(Decrease)</u>
General fund	\$ 1,813,681	\$ 1,757,881	\$ 55,800
Special revenue funds	1,315,586	1,397,767	(82,181)
Capital projects fund	325,581	298,021	27,560
Total	<u>\$ 3,454,848</u>	<u>\$ 3,453,669</u>	<u>\$ 1,179</u>

Charter Township of Monitor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

The graph below details the major sources of the Township's total governmental revenues.



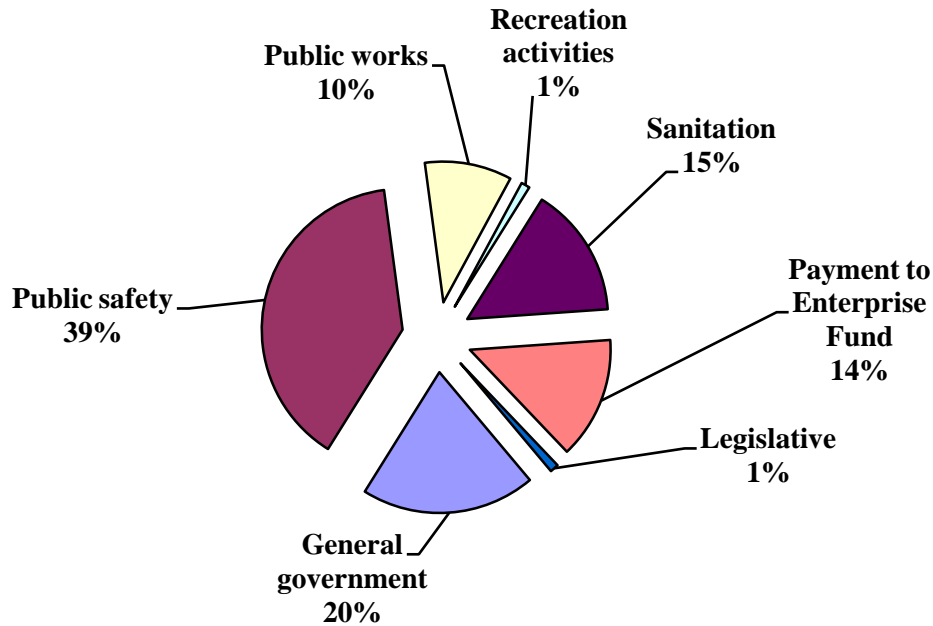
The chart below compares current year revenues with last year.

	2007	2006	Percentage Change
<i>Revenues by Function</i>			
Taxes	\$ 1,221,000	\$ 1,090,000	12%
State shared revenue	691,000	699,000	-1%
Licenses and permits	355,000	275,000	29%
Collection fees	152,000	153,000	-1%
Tap-in fees	75,000	132,000	-43%
Investment earnings	146,000	132,000	11%
Other	46,000	43,000	7%
Special assessments levied	40,000	30,000	33%
Total	<u>\$ 2,726,000</u>	<u>\$ 2,554,000</u>	<u>7%</u>

Overall, 2007 revenues are up \$172,000 or 7% mainly due to the addition of new taxes collected for the public safety millage adopted by voters in 2006.

Charter Township of Monitor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

The graph below details the total governmental expenditure categories of the Township.



The chart below compares current year expenditures with last year.

	2007	2006	Percentage Change
<i>Expenditures by Function</i>			
Legislative	\$ 37,000	\$ 36,000	3%
General government	568,000	549,000	3%
Public safety	1,123,000	745,000	51%
Public works	300,000	266,000	13%
Recreation activities	32,000	14,000	129%
Sanitation	445,000	428,000	4%
Payment to Enterprise Fund	419,000	451,000	-7%
Total	<u>\$ 2,924,000</u>	<u>\$ 2,489,000</u>	<u>17%</u>

Charter Township of Monitor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

Expenditures are up \$435,000 from the prior year. This increase was due to the purchase of the HME custom fire truck and cost of road patrol from the public safety fund.

Water and Sewer System Funds -The Township's proprietary funds (the Bay County DWS Monitor Water and Sewer Enterprise Funds and the Township Water Fund) reported net assets of \$9,361,000, which is an increase of approximately \$111,000 over last year's net assets of \$9,250,000. Operating revenues exceeded operating expenses for the year.

General Fund Budgetary Highlights

Over the course of the year, the Township revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Township's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. Changes to the general fund original budget were as follows:

- Budgeted expenditures increased by \$20,260 during the fiscal year. The change was not significant.
- Actual revenues for the year were \$103,822 more than anticipated during the fiscal year. The overall change was not significant.
- Actual expenditures for the year were \$233,081 less than anticipated. It was projected in the 2007 budget that expenditures would exceed revenue by \$281,103. Due to the uncertainty of the of cuts in state revenue sharing, expenditures were limited to the projected revenue amounts. The Township is also contracted for a percentage of the costs associated with critical bridge funding to replace two bridges in the township and for road improvements with the Bay County Road Commission of which were deferred to 2008.

Charter Township of Monitor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

Capital Assets

At December 31, 2007, the Township had \$20 million invested in a broad range of capital assets, including land, buildings, equipment, transportation equipment, water and sewer systems. This amount represents a net decrease (including additions and disposals) of approximately \$138,000 from last year.

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Land	\$ 88,112	\$ 88,112	\$ 8,787	\$ 8,787	\$ 96,899	\$ 96,899
Buildings and improvements	870,318	856,816	0	0	870,318	856,816
Vehicles	667,262	357,351	0	0	667,262	357,351
Equipment	191,693	171,420	0	0	191,693	171,420
Water system	0	0	4,958,265	4,958,265	4,958,265	4,958,265
Sewer System	0	0	13,239,493	13,239,494	13,239,493	13,239,494
 Total capital assets	 1,817,385	 1,473,699	 18,206,545	 18,206,546	 20,023,930	 19,680,245
 Less accumulated depreciation	 1,063,315	 958,678	 9,578,923	 9,202,059	 10,642,238	 10,160,737
 Net capital assets	 <u>\$ 754,070</u>	 <u>\$ 515,021</u>	 <u>\$ 8,627,622</u>	 <u>\$ 9,004,487</u>	 <u>\$ 9,381,692</u>	 <u>\$ 9,519,508</u>

This year's additions for governmental activities of \$343,686 were mainly attributable to the purchase of the HME custom fire truck, the replacement of chairs for the hall rentals, the remodel of the Supervisors office, the asphalt for the widening of the Monitor Township park entrance and walkway from pavilion to bathroom.

There were no significant additions for business-type activities for 2007.

We present more detailed information about our governmental activities capital assets in the notes to the financial statements. We do not anticipate any significant capital additions in the next year.

Capital additions to our business-type activities for next year have not been determined.

Charter Township of Monitor
Management's Discussion & Analysis
For the Year Ended December 31, 2007

Debt

At the end of this year, the Township had \$1.1 million in long-term debt outstanding versus \$1.4 million in the previous year. The Township's debt is related to water and sewer system improvements, reported in the proprietary funds, and drainage district bonds and notes and public safety notes reported in the governmental funds. This debt is summarized as follows:

	<u>2007</u>	<u>2006</u>
Governmental	\$ 250,620	\$ 70,072
Proprietary	<u>811,661</u>	<u>1,327,237</u>
	<u>\$ 1,062,281</u>	<u>\$ 1,397,309</u>

Factors Expected to Have an Effect on Future Operations

We expect to see a decline in state shared revenue next year as the State of Michigan continues to face challenges in balancing its budget.

As in prior years, the Township faced a continued increase in the costs for health care benefits and property insurance premiums. In an effort to reduce health care costs, the township made several changes to the health plans offered to employees to keep insurance costs comparable to 2006 rates. It is anticipated that this will be a constant challenge in future years.

Additionally, there are many roads in the Township that need improvement. Township expense to provide public safety services are anticipated to increase as well.

The Township will continue its vigilance to seek additional ways to increase revenue and continue to monitor and adjust its expenditures.

Contacting The Township's Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, contact the Township Clerk's Office at 2483 E. Midland Road, Bay City, MI 48706.

Charter Township of Monitor
Statement of Net Assets
December 31, 2007

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
<u>Assets</u>				
Cash and investments	\$ 3,345,770	\$ 1,522,517	\$ 4,868,287	\$ 633,961
Receivables:				
Accounts receivable	4,813	263,093	267,906	0
Assessment receivable	261,984	0	261,984	0
Accrued interest receivable	11,526	14,511	26,037	0
Taxes receivable	481,712	0	481,712	113,850
Prepaid expenses	37,921	10,760	48,681	0
Due from fiduciary funds	744,319	0	744,319	0
Due from other governments	9,096	0	9,096	0
Capital assets less accumulated depreciation	754,070	8,627,622	9,381,692	456,568
Total assets	5,651,211	10,438,503	16,089,714	1,204,379
<u>Current Liabilities</u>				
Accounts payable	76,327	238,952	315,279	6,552
Accrued payroll	0	1,061	1,061	0
Accrued interest payable	5,914	6,465	12,379	0
Accrued liabilities	25,762	0	25,762	0
Deferred revenue	1,332,027	0	1,332,027	113,850
Due to other governments	2,455	0	2,455	0
Deposits	5,722	0	5,722	0
Compensated absences	0	2,858	2,858	0
Bonds and notes payable	85,625	515,576	601,201	0
Total current liabilities	1,533,832	764,912	2,298,744	120,402
<u>Long-term Liabilities</u>				
Compensated absences	15,699	16,193	31,892	0
Bonds and notes payable	164,995	296,085	461,080	0
Total long-term liabilities	180,694	312,278	492,972	0
Total liabilities	1,714,526	1,077,190	2,791,716	120,402
<u>Net Assets</u>				
Investment in capital assets - net of related debt	497,536	7,809,496	8,307,032	456,568
Restricted	1,641,167	0	1,641,167	0
Unrestricted	1,797,982	1,551,817	3,349,799	627,409
Total net assets	\$ 3,936,685	\$ 9,361,313	\$ 13,297,998	\$ 1,083,977

See accompanying notes to financial statements.

Charter Township of Monitor
Statement of Activities
For the Year Ended December 31, 2007

	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Capital Grants/Contributions	Governmental Activities	Business-type Activities	Total	Component Units
<u>Functions/Programs</u>							
Primary government:							
Legislative	\$ 36,938	\$ 0	\$ 0	\$ (36,938)	\$ 0	\$ (36,938)	\$ 0
General government	599,888	0	0	(599,888)	0	(599,888)	0
Public safety	851,542	354,600	0	(496,942)	0	(496,942)	0
Public works	284,462	0	0	(284,462)	0	(284,462)	0
Recreation activities	31,981	0	0	(31,981)	0	(31,981)	0
Sanitation	444,858	0	0	(444,858)	0	(444,858)	0
Payment to enterprise fund	419,362	75,488	0	(343,874)	0	(343,874)	0
Total governmental activities	2,669,031	430,088	0	(2,238,943)	0	(2,238,943)	0
Business-type activities:							
Water	975,522	772,062	0	0	(203,460)	(203,460)	0
Sewer	1,076,761	888,162	419,362	0	230,763	230,763	0
Total business-type activities	2,052,283	1,660,224	419,362	0	27,303	27,303	0
Total primary government	<u>\$4,721,314</u>	<u>\$ 2,090,312</u>	<u>\$ 419,362</u>	<u>(2,238,943)</u>	<u>27,303</u>	<u>(2,211,640)</u>	<u>0</u>
Component Units:							
Downtown Development Authority	\$ 144,826	\$ 0	\$ 0	0	0	0	(144,826)
Total component units	<u>\$ 144,826</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(144,826)</u>
General Revenues:							
Taxes				1,221,088	0	1,221,088	335,039
State shared revenue				691,134	0	691,134	0
Investment earnings				146,245	84,147	230,392	23,477
Other				237,057	0	237,057	13
Total general revenues				<u>2,295,524</u>	<u>84,147</u>	<u>2,379,671</u>	<u>358,529</u>
Change in net assets				56,581	111,450	168,031	213,703
Net assets - beginning of year				3,880,104	9,249,863	13,129,967	870,274
Net assets - end of year				<u>\$ 3,936,685</u>	<u>\$ 9,361,313</u>	<u>\$ 13,297,998</u>	<u>\$ 1,083,977</u>

See accompanying notes to financial statements.

Charter Township of Monitor
Governmental Funds
Balance Sheet
December 31, 2007

	General	Solid Waste	Sewage Disposal System	Public Safety	Other Nonmajor Governmental Funds	Total
<u>ASSETS</u>						
Cash and investments	\$ 1,616,807	\$ 117,551	\$ 731,633	\$ 0	\$ 879,779	\$ 3,345,770
Receivables:						
Taxes receivable	298,460		39,152	144,100	0	481,712
Assessment receivable	0	215,030	46,954	0	0	261,984
Interest receivable	11,526	0	0	0	0	11,526
Accounts receivable	4,813	0	0	0	0	4,813
Due from fiduciary funds	340,893	232,037	14,186	157,203	0	744,319
Due from other governments	9,096	0	0	0	0	9,096
Due from governmental funds	74,093	0	0	0	0	74,093
Prepaid expenditures	37,921	0	0	0	0	37,921
Total assets	<u>\$ 2,393,609</u>	<u>\$ 564,618</u>	<u>\$ 831,925</u>	<u>\$ 301,303</u>	<u>\$ 879,779</u>	<u>\$ 4,971,234</u>
<u>LIABILITIES AND FUND BALANCE</u>						
<u>Liabilities</u>						
Accounts payable	\$ 39,262	\$ 37,065	\$ 0	\$ 0	\$ 0	\$ 76,327
Accrued liabilities	10,810	0	0	0	14,952	25,762
Due to governmental funds	0	0	2,000	0	72,093	74,093
Due to other governments	2,455	0	0	0	0	2,455
Deferred revenue	521,679	447,067	100,292	262,989	0	1,332,027
Deposits	5,722	0	0	0	0	5,722
Total liabilities	<u>579,928</u>	<u>484,132</u>	<u>102,292</u>	<u>262,989</u>	<u>87,045</u>	<u>1,516,386</u>
<u>Fund Balances</u>						
Reserved	0	80,486	729,633	38,314	792,734	1,641,167
Unreserved:						
Undesignated	<u>1,813,681</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,813,681</u>
Total fund balance	<u>1,813,681</u>	<u>80,486</u>	<u>729,633</u>	<u>38,314</u>	<u>792,734</u>	<u>3,454,848</u>
Total liabilities and fund balance	<u>\$ 2,393,609</u>	<u>\$ 564,618</u>	<u>\$ 831,925</u>	<u>\$ 301,303</u>	<u>\$ 879,779</u>	<u>\$ 4,971,234</u>

See accompanying notes to financial statements.

Charter Township of Monitor
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2007

Total fund balance - governmental funds		\$ 3,454,848
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Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not financial
resources and are not reported in the funds:

Cost of the capital assets	\$ 1,817,385	
Accumulated depreciation	(1,063,315)	754,070

Long-term liabilities are not due and payable in the current
period and are not reported in the funds:

Bonds payable	(250,620)	
Compensated absences	(15,699)	

Accrued interest payable is not included as a liability in
governmental activities

	(5,914)	(272,233)

Total net assets - governmental activities		\$ 3,936,685
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\$ 3,936,685

See accompanying notes to financial statements.

Charter Township of Monitor
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2007

	General	Solid Waste	Sewage Disposal System	Public Safety	Other Nonmajor Governmental Funds	Total
<u>Revenues</u>						
Taxes	\$ 392,355	\$ 444,780	\$ 139,279	\$ 244,674	\$ 0	\$ 1,221,088
Tap-in fees	0	0	59,088	0	16,400	75,488
Collection fees	151,714	0	0	0	0	151,714
State shared revenue	691,134	0	0	0	0	691,134
Special assessments levied	39,509	0	0	0	0	39,509
Hall rental	12,980	0	0	0	0	12,980
Interest	85,249	2,256	29,257	0	29,483	146,245
Licenses and permits	167,963	105	0	0	186,532	354,600
Other	32,834	0	0	0	20	32,854
Total revenues	<u>1,573,738</u>	<u>447,141</u>	<u>227,624</u>	<u>244,674</u>	<u>232,435</u>	<u>2,725,612</u>
<u>Expenditures</u>						
Legislative	36,938	0	0	0	0	36,938
General government	567,748	0	0	0	0	567,748
Public safety	581,527	0	0	405,990	135,915	1,123,432
Public works	299,691	0	0	0	0	299,691
Recreation activities	32,034	0	0	0	0	32,034
Sanitation	0	444,858	0	0	0	444,858
Payment to enterprise fund for debt service	<u>0</u>	<u>0</u>	<u>419,362</u>	<u>0</u>	<u>0</u>	<u>419,362</u>
Total expenditures	<u>1,517,938</u>	<u>444,858</u>	<u>419,362</u>	<u>405,990</u>	<u>135,915</u>	<u>2,924,063</u>
Excess (deficiency) of revenues over expenditures	55,800	2,283	(191,738)	(161,316)	96,520	(198,451)
<u>Other Financing Sources</u>						
Note proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>199,630</u>	<u>0</u>	<u>199,630</u>
Net change in fund balance	<u>55,800</u>	<u>2,283</u>	<u>(191,738)</u>	<u>38,314</u>	<u>96,520</u>	<u>1,179</u>
Fund balance - beginning of year	<u>1,757,881</u>	<u>78,203</u>	<u>921,371</u>	<u>0</u>	<u>696,214</u>	<u>3,453,669</u>
Fund balance - end of year	<u>\$ 1,813,681</u>	<u>\$ 80,486</u>	<u>\$ 729,633</u>	<u>\$ 38,314</u>	<u>\$ 792,734</u>	<u>\$ 3,454,848</u>

See accompanying notes to financial statements.

Charter Township of Monitor
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007

Net change in fund balance - total governmental funds	\$	1,179
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Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures; in the
statement of activities, these costs are allocated over their
estimated useful lives as depreciation:

Depreciation expense	\$ (104,637)	
Capital outlay	343,686	239,049

Long-term liabilities are not due and payable in the current
period and are not reported in the funds:

Proceeds from long-term debt	(199,630)	
Bonds payable	19,082	
Compensated absences	754	

Accrued interest payable is not included as a liability in
governmental activities

	(3,853)	(183,647)

Change in net assets of governmental activities	\$	56,581

See accompanying notes to financial statements.

Charter Township of Monitor
Proprietary Funds
Statement of Net Assets
December 31, 2007

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<u>Assets</u>			
Current Assets:			
Cash and investments	\$ 1,023,445	\$ 499,072	\$ 1,522,517
Accounts receivable - net	134,659	128,434	263,093
Interest receivable	8,188	6,323	14,511
Prepaid expenses	4,891	5,869	10,760
Total current assets	<u>1,171,183</u>	<u>639,698</u>	<u>1,810,881</u>
Capital assets - at cost	4,967,052	13,239,494	18,206,546
Less allowance for depreciation	<u>(2,516,696)</u>	<u>(7,062,228)</u>	<u>(9,578,924)</u>
Net capital assets	<u>2,450,356</u>	<u>6,177,266</u>	<u>8,627,622</u>
Total Assets	<u>3,621,539</u>	<u>6,816,964</u>	<u>10,438,503</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	231,079	7,873	238,952
Accrued payroll	379	682	1,061
Accrued interest payable	1,939	4,526	6,465
Compensated absences	2,858	0	2,858
Bonds payable	<u>15,000</u>	<u>500,576</u>	<u>515,576</u>
Total current liabilities	<u>251,255</u>	<u>513,657</u>	<u>764,912</u>
Long-term Liabilities:			
Compensated absences	16,193	0	16,193
Bonds payable	<u>296,085</u>	<u>0</u>	<u>296,085</u>
Total long-term liabilities	<u>312,278</u>	<u>0</u>	<u>312,278</u>
Total Liabilities	<u>563,533</u>	<u>513,657</u>	<u>1,077,190</u>
<u>Net Assets</u>			
Invested in capital assets - net of related debt	2,137,332	5,672,164	7,809,496
Unrestricted	<u>920,674</u>	<u>631,143</u>	<u>1,551,817</u>
Total Net Assets	<u>\$ 3,058,006</u>	<u>\$ 6,303,307</u>	<u>\$ 9,361,313</u>

See accompanying notes to financial statements

Charter Township of Monitor
Proprietary Funds
Statement of Revenues, Expenses and Change in Net Assets
For the Year Ended December 31, 2007

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Gross service charges	\$ 729,308	\$ 839,463	\$ 1,568,771
Water costs	360,702	0	360,702
Gross profit	368,606	839,463	1,208,069
Operating revenues:			
Service connections	15,935	0	15,935
Charges, fees, etc.	3,667	48,699	52,366
Total operating revenues	19,602	48,699	68,301
Operating expenses:			
Personal services	118,655	103,116	221,771
Utilities	2,063	11,158	13,221
Regional charges	0	592,786	592,786
Operation and maintenance	300,812	41,163	341,975
Administration	24,357	30,241	54,598
Fiscal and other charges	12,243	2,137	14,380
Depreciation	117,477	259,388	376,865
Total operating expenses	575,607	1,039,989	1,615,596
Operating income (loss)	(187,399)	(151,827)	(339,226)
Nonoperating revenues (expenses):			
Interest income	54,195	29,952	84,147
Interest expense	(8,061)	(36,772)	(44,833)
Payment to (from) local unit	(31,152)	419,362	388,210
Payment from county unit	23,152	0	23,152
Total nonoperating revenue (expense)	38,134	412,542	450,676
Change in net assets	(149,265)	260,715	111,450
Net assets - beginning of year	3,207,271	6,042,592	9,249,863
Net assets - end of year	\$ 3,058,006	\$ 6,303,307	\$ 9,361,313

See accompanying notes to financial statements

Charter Township of Monitor
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2007

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash flows from operating activities:			
Cash received from customers	\$ 710,965	\$ 854,156	\$ 1,565,121
Cash payments to suppliers for goods and services	(537,684)	(676,441)	(1,214,125)
Cash payments to employees for services	(122,588)	(102,646)	(225,234)
Other operating income	19,602	48,699	68,301
Net cash provided by operating activities	70,295	123,768	194,063
Cash flows from capital and related financing activities:			
Principal paid on long-term debt	(15,000)	(500,576)	(515,576)
Interest paid on long-term debt	(8,152)	(41,298)	(49,450)
Payments from (to) local units	(8,000)	419,362	411,362
Net cash (used) by capital and related financing activities	(31,152)	(122,512)	(153,664)
Cash flows from investing activities:			
Interest and investment earnings	53,761	29,797	83,558
Net increase in cash and cash equivalents	92,904	31,053	123,957
Cash and cash equivalents, beginning of year	930,541	468,019	1,398,560
Cash and cash equivalents, end of year	<u>\$ 1,023,445</u>	<u>\$ 499,072</u>	<u>\$ 1,522,517</u>

See accompanying notes to financial statements

Charter Township of Monitor
Statement of Fiduciary Net Assets
December 31, 2007

	Tax Collection Agency	Briar Farms	Rueger Farms	Rueger Farms Phase II	Pepper Berry Creek Estates	Valley Center	Crossroads Fund	Harvest View Fund	Pines Retention Pond Fund	Willow Creek Retention Pond Fund	Total
<u>ASSETS</u>											
Cash and investments	\$ 1,791,358	\$ 5,516	\$ 5,372	\$ 5,427	\$ 12,106	\$ 11,648	\$ 7,312	\$ 2,760	\$ 1,668	\$ 0	\$ 1,843,167
Taxes receivable	0	44	37	49	66	0	213	43	1,594	1,333	3,379
Interest receivable	0	161	156	158	352	338	90	80	48	0	1,383
Due from fiduciary funds	0	56	63	52	35	0	10	57	72	380	725
	<u>\$ 1,791,358</u>	<u>\$ 5,777</u>	<u>\$ 5,628</u>	<u>\$ 5,686</u>	<u>\$ 12,559</u>	<u>\$ 11,986</u>	<u>\$ 7,625</u>	<u>\$ 2,940</u>	<u>\$ 3,382</u>	<u>\$ 1,713</u>	<u>\$ 1,848,654</u>
<u>LIABILITIES</u>											
Due to governmental funds	\$ 744,319	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 744,319
Due to fiduciary funds	725	0	0	0	0	0	0	0	0	0	725
Undistributed current taxes	1,046,314	0	0	0	0	0	0	0	0	0	1,046,314
Deposits held for taxpayers	0	5,777	5,628	5,686	12,559	11,986	7,625	2,940	3,382	1,713	57,296
Total Liabilities	<u>\$ 1,791,358</u>	<u>\$ 5,777</u>	<u>\$ 5,628</u>	<u>\$ 5,686</u>	<u>\$ 12,559</u>	<u>\$ 11,986</u>	<u>\$ 7,625</u>	<u>\$ 2,940</u>	<u>\$ 3,382</u>	<u>\$ 1,713</u>	<u>\$ 1,848,654</u>

See accompanying notes to financial statements.

Charter Township of Monitor
Component Unit
Statement of Net Assets
December 31, 2007

	<u>Downtown Development Authority</u>
<u>Assets</u>	
Cash and investments	\$ 633,961
Taxes receivable	113,850
Capital assets	<u>456,568</u>
Total assets	<u>1,204,379</u>
 <u>Liabilities</u>	
Accounts payable	6,552
Deferred revenue	<u>113,850</u>
Total liabilities	<u>120,402</u>
 <u>Net Assets</u>	
Investment in capital assets - net of related debt	456,568
Unrestricted	<u>627,409</u>
Total net assets	<u><u>\$ 1,083,977</u></u>

See accompanying notes to financial statements

Charter Township of Monitor
 Component Unit
 Statement of Activities
For the Year Ended December 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Downtown Development Authority			
General government	<u>\$ 144,826</u>	<u>\$ 0</u>	<u>\$ (144,826)</u>
Total component unit	<u><u>\$ 144,826</u></u>	<u><u>\$ 0</u></u>	<u>(144,826)</u>
General Revenues:			
Taxes			335,039
Investment earnings			23,477
Other			<u>13</u>
Total general revenues			<u>358,529</u>
Change in net assets			213,703
Net assets - beginning of year			<u>870,274</u>
Net assets - end of year			<u><u>\$ 1,083,977</u></u>

See accompanying notes to financial statements

Charter Township of Monitor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Charter Township of Monitor conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Monitor:

Reporting Entity

The Charter Township of Monitor (Township) was organized in 1869 and covers an area of approximately 38 square miles in Bay County, Michigan. The Township operates under an elected board (seven members) and provides services to its residents in many areas including fire protection, highways and streets and sanitation. The reporting entity for the Township is based on criteria set forth by statements issued by the Governmental Accounting Standards Board. All activities over which the Township exercises oversight responsibility have been included in the reporting entity. Oversight responsibility is determined by factors such as financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters of the entity.

Discretely Presented Component Units – The component unit column in the combined financial statements, which represents the financial data of the Charter Township of Monitor Downtown Development Authority (Authority) is reported in a separate column to emphasize that it is legally separate from the Township. The Authority operates under the directorship of a board consisting of nine members appointed by the Charter Township of Monitor Board. The annual budget of the Authority is approved by the Charter Township of Monitor Board. The Authority cannot levy taxes or issue debt without the approval of the Charter Township of Monitor Board. The Authority was created to halt property value deterioration and the causes thereof, to increase property tax valuation, and to promote economic growth within the development district. The financial statements of the Authority can be obtained at 2483 E. Midland Road, Bay City, MI 48706.

These statements also include the water and sewer systems managed by the Bay County Department of Water and Sewer on behalf of the Township. GASB #34 now requires this activity to be reported in the Township's annual financial statements. The Township has sole authority to set rates and is financially responsible for the integrity of the system. The financial statements reflect the financial position and results of operations for the systems for the calendar year 2007.

Charter Township of Monitor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, state shared revenues, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Charter Township of Monitor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

The Government reports the following major funds:

General Fund - The General Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

Solid Waste Fund – The Solid Waste Fund is used to record transactions relative to the collection of the trash in the Township.

Sewage Disposal System Fund – The Sewage Disposal System Fund is used to record transactions for the support of the sewage system in the Township.

Public Safety Fund - The Public Safety Fund is used to record transactions for the support of the fire department and road patrol.

Bay County Department of Water and Sewer Enterprise Funds and Township Water Fund – These funds account for the activities of providing water and sewer services to the public. These activities are managed by the Bay County Department of Water and Sewer on behalf of the Township. These funds are the Township's only proprietary funds.

Assets, Liabilities and Net Assets or Equity

Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Charter Township of Monitor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as “internal balances”.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Capital Assets – Capital assets, which include land, buildings, equipment and infrastructure assets are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add value or materially extend asset lives are not capitalized.

Land, building, equipment and infrastructure is depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Building and land improvements	15 to 30 years
Vehicles	5 years
Equipment	5 to 7 years

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Charter Township of Monitor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates – The process of preparing the basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 – BUDGETS

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds of governments prior to the expenditure of monies in a fiscal year.

Each Township department head submits to the supervisor an itemized estimate of the anticipated expenditures of the Township for the next fiscal year for the Township activities under his or her charge. The supervisor shall prepare a complete itemized proposed budget for the next fiscal year and submit it to the Township Board. A public hearing on the budget is to be held before its final adoption, at such time and place as the Township Board directs, and notice of such public hearing is to be published at least one week in advance by the Township Clerk.

A copy of the proposed budget shall be on file and available to the public for inspection during office hours at the office of the Township Clerk for a period of not less than one week prior to such public hearing. Then no later than December the Township Board shall, by resolution, adopt the budget for the next fiscal year and shall, in that resolution, make an appropriation of money needed for Township purposes during the ensuing fiscal year of the Township.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board) for the General Fund, Solid Waste Fund, Sewage Disposal System Fund and Public Safety Fund is presented as Required Supplemental Information.

Charter Township of Monitor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 3 – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Government is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rates within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The Government's deposits are in accordance with statutory authority.

At year-end, the Government's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Component Units</u>
Cash and investments	\$ 3,345,770	\$ 1,522,517	\$ 1,843,167	\$ 6,711,454	\$ 633,961
Total	<u>\$ 3,345,770</u>	<u>\$ 1,522,517</u>	<u>\$ 1,843,167</u>	<u>\$ 6,711,454</u>	<u>\$ 633,961</u>

Charter Township of Monitor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

The breakdown between deposits and investments is as follows:

Bank deposits (checking and savings accounts, certificates of deposit)	\$ 4,826,066
Deposits and investments held at the Department of Water and Sewer	1,522,517
Investments	362,809
Petty cash and cash on hand	<u>62</u>
Total	<u><u>\$ 6,711,454</u></u>

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of December 31, 2007, \$2,991,239 of the Township's bank balance of \$3,965,859 was exposed to custodial credit risk because it was uninsured and uncollateralized. At December 31, 2007, \$439,534 of the component unit's bank balance of \$639,534 was exposed to custodial credit risk. Business-type activity funds of \$1,522,517 are with the Department of Water and Sewer. The composition of deposits and investments and the amount of deposits covered by federal depository insurance cannot be determined.

The Township's investment policy does not identify interest rate risk, foreign currency risk or concentration of credit risk.

Charter Township of Monitor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 4 - CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 88,112	\$ 0	\$ 0	\$ 88,112
Capital assets being depreciated:				
Buildings and improvements	856,816	13,502	0	870,318
Vehicles	357,351	309,911	0	667,262
Equipment	171,420	20,273	0	191,693
Subtotal	<u>1,385,587</u>	<u>343,686</u>	<u>0</u>	<u>1,729,273</u>
Less accumulated depreciation for:				
Buildings and improvements	536,710	26,435	0	563,145
Vehicles	333,351	55,487	0	388,838
Equipment	88,617	22,715	0	111,332
Subtotal	<u>958,678</u>	<u>104,637</u>	<u>0</u>	<u>1,063,315</u>
Net capital assets being depreciated	<u>426,909</u>	<u>239,049</u>	<u>0</u>	<u>665,958</u>
Governmental activities, total capital assets - net of depreciation	<u>\$ 515,021</u>	<u>\$ 239,049</u>	<u>\$ 0</u>	<u>\$ 754,070</u>
<u>Business-type activities:</u>				
Capital assets not being depreciated				
Land	\$ 8,787	\$ 0	\$ 0	\$ 8,787
Capital assets being depreciated:				
Water system	4,958,265	0	0	4,958,265
Sewer system	13,239,493	0	0	13,239,493
Subtotal	<u>18,197,758</u>	<u>0</u>	<u>0</u>	<u>18,197,758</u>
Less accumulated depreciation for:				
Water system	2,399,218	117,477	0	2,516,695
Sewer system	6,802,840	259,388	0	7,062,228
Subtotal	<u>9,202,058</u>	<u>376,865</u>	<u>0</u>	<u>9,578,923</u>
Business-type activities, total capital assets, net of depreciation	<u>\$ 9,004,487</u>	<u>\$ (376,865)</u>	<u>\$ 0</u>	<u>\$ 8,627,622</u>

Charter Township of Monitor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Ending Balance</u>
<u>Component unit activities:</u>				
Capital assets not being depreciated:				
Land	<u>\$ 456,568</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 456,568</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 32,894
Recreation	7,689
Public safety	<u>64,054</u>
Total governmental activities depreciation expense	<u>\$ 104,637</u>
Business-type activities:	
Water	\$ 117,477
Sewer	<u>259,388</u>
Total business-type activities depreciation expense	<u>\$ 376,865</u>

Charter Township of Monitor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A summary of inter-fund receivable and payable balances at December 31, 2007 and transfers made during the year ended December 31, 2007 is as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>	<u>Transfer In (Out)</u>
General	\$ 414,986	\$ 0	\$ 0
Solid Waste	232,037	0	0
Sewage Disposal System	14,186	2,000	0
Building	0	72,093	0
Public Safety	157,203	0	0
Harvest View	57	0	0
Briar Farms	56	0	0
Pepper Berry Creek	35	0	0
Rueger Farms Phase 1	63	0	0
Rueger Farms Phase 2	52	0	0
Valley Center Tech Park	0	0	0
Pines Retention Pond	72	0	0
Willow Creek Retention Pond	380	0	0
Crossroads	10	0	0
Tax Collection Agency	0	745,044	0
	<u>\$ 819,137</u>	<u>\$ 819,137</u>	<u>\$ 0</u>

These inter-fund receivable and payable balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Charter Township of Monitor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 6 - LONG-TERM DEBT

The following details the Township's long-term debt:

	<u>Beginning Balance</u>	<u>Increase (Decrease)</u>	<u>Ending Balance</u>
<u>Primary Government</u>			
Bay County Columbia Drainage District Drain Bonds Series 1988, dated September 1, 1988, due in annual installments through 2008, bearing interest rates of 5.8% to 7.8%.	\$ 21,000	\$ (10,500)	\$ 10,500
Public Safety Installment Note, due in annual installments of \$66,543 plus interest at 4.125%	0	199,630	199,630
Arnold County Drainage District Note, due in annual installments of \$1,208 plus interest at 5.75% through 2011.	4,829	(1,208)	3,621
Baxman County Drainage District Note, due in annual installments of \$7,374 plus interest of 4.16% through 2012.	44,243	(7,374)	36,869
Capital Improvement Bonds, dated June 26, 2004, due in annual installments through 2023 with an interest rate of 2.5%.	326,085	(15,000)	311,085
Bay County West Side Regional Sewage Disposal General Obligation Bonds, dated July 1, 1978, due in annual installments through May 1, 2008, bearing interest rates of 5.5% to 7.5%.	1,001,152	(500,576)	500,576
	<u>\$ 1,397,309</u>	<u>\$ (335,028)</u>	<u>\$ 1,062,281</u>

Charter Township of Monitor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 6 – LONG -TERM DEBT (CONTINUED)

Long-term debt obligation activity is summarized as follows:

	Balance January 1, 2007	Additions	Retirements and Payments	Balance December 31, 2007	Amount Due Within One Year
Bonds	<u>\$ 1,397,309</u>	<u>\$ 199,630</u>	<u>\$ (534,658)</u>	<u>\$ 1,062,281</u>	<u>\$ 601,201</u>

Annual debt service requirements to maturity for the above obligations are as follows:

Year End December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 85,625	\$ 11,589	\$ 515,576	\$ 21,544
2009	75,125	6,928	15,000	7,402
2010	75,122	3,736	15,000	7,028
2011	7,374	615	15,000	6,652
2012	7,374	307	15,000	6,278
2013-2017	0	0	95,000	25,014
2018-2022	0	0	115,000	12,514
2023	0	0	26,085	652
Total	<u>\$ 250,620</u>	<u>\$ 23,175</u>	<u>\$ 811,661</u>	<u>\$ 87,084</u>

NOTE 7 – PENSION PLAN

The Township has established the Charter Township of Monitor Group Pension Plan, a defined contribution, contributory retirement plan that covers substantially all employees of the Township. The plan requires a mandatory employee contribution of 5% of base pay and allows an additional participant contribution of up to 10% of base pay. The employer's contribution to the plan is 15% of base pay. The employer's pension expense for the year ended December 31, 2007 was \$71,710.

Charter Township of Monitor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 8 - COMPENSATED ABSENCES PAYABLE

Vacation time is earned in varying amounts depending upon years of service and number of hours worked. Vacation time may not be accumulated beyond the year after it is earned. Accumulated vacation time is payable upon termination of employment. Paid sick leave will be allowed for up to five days per calendar year on an "as required" basis. There shall be no payment for any unused sick time upon termination of employment or otherwise. The total liability for compensated absences was \$15,699.

The Department of Water and Sewer has an employee benefit plan that allows employees to accumulate unused sick days up to a maximum of 120 days. Union employees may either use these sick days when ill or receive payment for 70% of the unused portion at time of retirement. All other employees receive 85% of the unused portion at time employment is terminated. Employees are also allowed to accumulate unused vacation days. Employees can accumulate a maximum of 30 days to carry over at the end of the year. In addition, the DWS provides a longevity payment to all supervisory and administrative employees at time of retirement. The benefit is based on years of employment times one-third of monthly salary, with a maximum payment of six months of salary. The cost of this benefit is recognized when earned. The total liability for compensated absences was \$19,051.

NOTE 9 – RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Water Funds	Sewer Fund	Total
Operating income (loss)	\$ (187,399)	\$ (151,827)	\$ (339,226)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	117,477	259,388	376,865
Changes in assets and liabilities:			
Accounts receivable	(18,343)	14,693	(3,650)
Prepaid expenses	312	718	1,030
Accounts payable	162,181	326	162,507
Accrued payroll	(608)	470	(138)
Compensated absences	(3,325)	0	(3,325)
Net cash provided by operating activities	<u>\$ 70,295</u>	<u>\$ 123,768</u>	<u>\$ 194,063</u>

Charter Township of Monitor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 10 - DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, property tax revenues received or accrued prior to meeting all eligibility requirements amounted to \$1,332,027.

NOTE 11 - TAX INCREMENTAL FINANCING PROCEDURES

The tax increment financing procedure is outlined in Public Act 197 of 1975, as amended. It allows the Monitor Township Downtown Development Authority to receive a portion of the taxes created as a result of increased property values over a base year value on property located within the district. These property taxes are collected by the Monitor Township Treasurer who then pays the collected taxes to the Treasurer of the Authority. Taxes are levied and become an enforceable lien on property on July 1 and December 1 and payable on September 14 and February 28. The Authority recognizes the tax revenues when they are due and payable.

The DDA approved an amended Tax Increment Financing (TIF) Plan in April 2007. The amended Plan requires the DDA to capture 100% of tax increment revenue taxes. The 2006 rate had been 70%. The DDA Board determines the percentage to be received on an annual basis, based on the budget approved by the Monitor Township Board of Trustees.

NOTE 12 - RISK FINANCING AND RELATED INSURANCE ISSUES

The risk of loss to which the Township and Downtown Development Authority is exposed and for which it has purchased insurance is for liability only. There have been no significant reductions in insurance coverage as compared to the previous year.

Charter Township of Monitor
Notes to Financial Statements
For the Year Ended December 31, 2007

NOTE 13 - RELATED PARTY TRANSACTIONS

In 2006, the Township entered into an agreement with the DDA in which the Township provides administrative services to the DDA. The Township is responsible for paying the DDA's sole employee wages and employee fringe benefits and withhold applicable payroll taxes. The agreement requires the DDA to reimburse the Township for the costs of the DDA's employee and supplies used, plus a 10% administrative fee. Under this arrangement, the DDA paid the Township approximately \$50,000 in 2007.

The DDA has a development agreement with Quantum Composites, Inc. and another agreement with John P. O'Brien and Ann M. O'Brien for reimbursement of qualified costs related to handicapped accessibility. The President of Quantum Composites and John P. O'Brien are board members of the DDA.

The DDA is a member of the Valley Center Technology Park Owners Association (Association). The Association provides for maintenance and improvements related to Valley Center Technology Park assets owned or controlled by the Association. The DDA paid the Association approximately \$10,780 during the year ended December 31, 2007. The DDA contributed to the Association at a rate of approximately 35%, which is their approximate share of land ownership with the Association.

NOTE 14 – SUBSEQUENT EVENTS

The DDA entered into a Tax Increment Financing (TIF) development agreement with a third-party to provide assistance with infrastructure for a major construction project adjoining the Technology Park. The agreement is being further amended in 2008. Bay County and Monitor Township approved the development agreement along with the DDA Board during March 2007. As part of the project, Monitor Township amended the Tax Increment Financing Plan for the DDA and final approval was obtained during April 2007. The TIF plan will be in place until December 31, 2016 unless associated commitments are paid off sooner.

The DDA will finance the infrastructure development and repay its financing through 2011. After the financing has been repaid, the DDA is scheduled to "sunset."

Charter Township of Monitor
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes	\$ 415,301	\$ 415,301	\$ 392,355	\$ (22,946)
Collection fees	152,168	152,168	151,714	(454)
State shared revenue	708,227	708,227	691,134	(17,093)
Special assessments levied	38,720	38,720	39,509	789
Hall rental	12,000	12,000	12,980	980
Interest	25,000	25,000	85,249	60,249
Licenses and permits	101,000	101,000	167,963	66,963
Other	17,500	17,500	32,834	15,334
Total revenues	<u>1,469,916</u>	<u>1,469,916</u>	<u>1,573,738</u>	<u>103,822</u>
<u>Expenditures</u>				
Legislative	51,199	51,199	36,938	14,261
General government	698,520	669,320	567,748	101,572
Public safety	546,277	595,537	581,527	14,010
Public works	370,769	370,969	299,691	71,278
Recreation activities	63,994	63,994	32,034	31,960
Total expenditures	<u>1,730,759</u>	<u>1,751,019</u>	<u>1,517,938</u>	<u>233,081</u>
Excess (deficiency) of revenues over expenditures	<u>(260,843)</u>	<u>(281,103)</u>	<u>55,800</u>	<u>336,903</u>
Other Financing Sources				
Operating Transfers in	<u>885</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources	<u>885</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	(259,958)	(281,103)	55,800	336,903
Fund balance - beginning of year	<u>1,757,881</u>	<u>1,757,881</u>	<u>1,757,881</u>	<u>0</u>
Fund balance - end of year	<u>\$ 1,497,923</u>	<u>\$ 1,476,778</u>	<u>\$ 1,813,681</u>	<u>\$ 336,903</u>

Charter Township of Monitor
Required Supplemental Information
Budgetary Comparison Schedule - Solid Waste Fund
For the Year Ended December 31, 2007

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes	\$ 444,780	\$ 444,780	444,780	\$ 0
Licenses and permits	0	0	105	105
Interest	1,500	1,500	2,256	756
Total revenues	446,280	446,280	447,141	861
<u>Expenditures</u>				
Sanitation	428,779	447,280	444,858	2,422
Total expenditures	428,779	447,280	444,858	2,422
Net change in fund balance	17,501	(1,000)	2,283	3,283
Fund balance - beginning of year	78,203	78,203	78,203	0
Fund balance - end of year	\$ 95,704	\$ 77,203	\$ 80,486	\$ 3,283

Charter Township of Monitor
 Required Supplemental Information
 Budgetary Comparison Schedule - Sewage Disposal System Fund
For the Year Ended December 31, 2007

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes	\$ 139,279	\$ 139,279	\$ 139,279	\$ 0
Tap-in fees	100,000	100,000	59,088	(40,912)
Interest	5,000	5,000	29,257	24,257
Total revenues	244,279	244,279	227,624	(16,655)
<u>Expenditures</u>				
Payment to enterprise fund for debt service	569,405	541,874	419,362	122,512
Net change in fund balance	(325,126)	(297,595)	(191,738)	105,857
Fund balance - beginning of year	921,371	921,371	921,371	0
Fund balance - end of year	\$ 596,245	\$ 623,776	\$ 729,633	\$ 105,857

Charter Township of Monitor
Required Supplemental Information
Budgetary Comparison Schedule - Public Safety Fund
For the Year Ended December 31, 2007

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes	\$ 272,057	\$ 272,057	\$ 244,674	\$ (27,383)
<u>Expenditures</u>				
Other	471,687	471,687	405,990	65,697
Excess (deficiency) of revenue over expenditures	(199,630)	(199,630)	(161,316)	38,314
<u>Other Financing Sources</u>				
Note proceeds	199,630	199,630	199,630	0
Net change in fund balance	0	0	38,314	38,314
Fund balance - beginning of year	0	0	0	0
Fund balance - end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 38,314</u>	<u>\$ 38,314</u>

Charter Township of Monitor
Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Special Revenue Fund			
	Liquor Control	Building	Capital Projects	Totals
	<u>ASSETS</u>			
Cash and investments	\$ 214	\$ 553,984	\$ 325,581	\$ 879,779
Total assets	<u>\$ 214</u>	<u>\$ 553,984</u>	<u>\$ 325,581</u>	<u>\$ 879,779</u>
	<u>LIABILITIES AND FUND BALANCE</u>			
	<u>Liabilities</u>			
Accrued liabilities	\$ 0	\$ 14,952	\$ 0	\$ 14,952
Due to government funds	<u>0</u>	<u>72,093</u>	<u>0</u>	<u>72,093</u>
Total liabilities	0	87,045	0	87,045
	<u>Fund Balance</u>			
Reserved	<u>214</u>	<u>466,939</u>	<u>325,581</u>	<u>792,734</u>
Total liabilities and fund balance	<u>\$ 214</u>	<u>\$ 553,984</u>	<u>\$ 325,581</u>	<u>\$ 879,779</u>

Charter Township of Monitor
Other Supplemental Information
Combining Statement of Revenues, Expenditures and Changes
in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2007

	Special Revenue Fund			
	Liquor Control	Building	Capital Projects	Totals
<u>Revenues</u>				
Licenses and permits	\$ 4,869	\$ 181,663	\$ 0	\$ 186,532
Tap-in fees	0	0	16,400	16,400
Other	0	20	0	20
Interest	0	18,323	11,160	29,483
Total revenues	4,869	200,006	27,560	232,435
<u>Expenditures</u>				
Public safety	5,773	130,142	0	135,915
Total expenditures	5,773	130,142	0	135,915
Net change in fund balance	(904)	69,864	27,560	96,520
Fund balance - beginning of year	1,118	397,075	298,021	696,214
Fund balance - end of year	\$ 214	\$ 466,939	\$ 325,581	\$ 792,734

Charter Township of Monitor
Other Supplemental Information
Combining Balance Sheet
Proprietary Water Fund
December 31, 2007

	<u>DWS</u>	<u>Township</u>	<u>Totals</u>
<u>Assets</u>			
Current Assets:			
Cash and investments	\$ 1,023,445	\$ 0	\$ 1,023,445
Accounts receivable - net	134,659	0	134,659
Interest receivable	8,188	0	8,188
Prepaid expenses	4,891	0	4,891
Total current assets	<u>1,171,183</u>	<u>0</u>	<u>1,171,183</u>
 Capital assets - at cost	 4,588,978	 378,074	 4,967,052
Less allowance for depreciation	<u>(2,489,391)</u>	<u>(27,305)</u>	<u>(2,516,696)</u>
Net capital assets	<u>2,099,587</u>	<u>350,769</u>	<u>2,450,356</u>
 Total Assets	 <u>3,270,770</u>	 <u>350,769</u>	 <u>3,621,539</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	231,079	0	231,079
Accrued payroll	379	0	379
Accrued interest payable	0	1,939	1,939
Compensated absences	2,858	0	2,858
Bonds payable	0	15,000	15,000
Total current liabilities	<u>234,316</u>	<u>16,939</u>	<u>251,255</u>
 Long-term Liabilities:			
Compensated absences	16,193	0	16,193
Bonds payable	0	296,085	296,085
Total long-term liabilities	<u>16,193</u>	<u>296,085</u>	<u>312,278</u>
 Total Liabilities	 <u>250,509</u>	 <u>313,024</u>	 <u>563,533</u>
<u>Net Assets</u>			
Invested in capital assets - net of related debt	2,099,587	37,745	2,137,332
Unrestricted	<u>920,674</u>	<u>0</u>	<u>920,674</u>
 Total Net Assets	 <u>\$ 3,020,261</u>	 <u>\$ 37,745</u>	 <u>\$ 3,058,006</u>

Charter Township of Monitor
Other Supplemental Information
Combining Statement of Revenues, Expenses, and Changes
in Net Assets - Proprietary Water Fund
For the Year Ended December 31, 2007

	DWS	Township	Totals
Gross service charges	\$ 729,308	\$ 0	\$ 729,308
Water costs	360,702	0	360,702
Gross profit	368,606	0	368,606
Operating revenues:			
Service connections	15,935	0	15,935
Charges, fees, etc.	3,667	0	3,667
Total operating revenues	19,602	0	19,602
Operating expenses:			
Personal services	118,655	0	118,655
Utilities	2,063	0	2,063
Operation and maintenance	300,812	0	300,812
Administration	24,357	0	24,357
Fiscal and other charges	12,243	0	12,243
Depreciation	104,875	12,602	117,477
Total operating expenses	563,005	12,602	575,607
Operating income (loss)	(174,797)	(12,602)	(187,399)
Nonoperating revenues (expenses):			
Interest income	54,195	0	54,195
Interest expense	0	(8,061)	(8,061)
Payment to local unit	(31,152)	0	(31,152)
Payment from county unit	0	23,152	23,152
Total nonoperating revenue (expense)	23,043	15,091	38,134
Change in net assets	(151,754)	2,489	(149,265)
Net assets - beginning of year	3,172,015	35,256	3,207,271
Net assets - end of year	\$ 3,020,261	\$ 37,745	\$ 3,058,006

Charter Township of Monitor
Other Supplemental Information
Combining Statement of Cash Flows
Proprietary Water Fund
For the Year Ended December 31, 2007

	<u>DWS</u>	<u>Township</u>	<u>Totals</u>
Cash flows from operating activities:			
Cash received from customers	\$ 710,965	\$ 0	\$ 710,965
Cash payments to suppliers for goods and services	(537,684)	0	(537,684)
Cash payments to employees for services	(122,588)	0	(122,588)
Other operating income	19,602	0	19,602
	<u>70,295</u>	<u>0</u>	<u>70,295</u>
Net cash provided (used) by operating activities			
	<u>70,295</u>	<u>0</u>	<u>70,295</u>
Cash flows from capital and related financing activities:			
Principal paid on long-term debt	0	(15,000)	(15,000)
Interest paid on long-term debt	0	(8,152)	(8,152)
Payments from (to) local units	(31,152)	23,152	(8,000)
	<u>(31,152)</u>	<u>0</u>	<u>(31,152)</u>
Net cash provided (used) by capital and related financing activities			
	<u>(31,152)</u>	<u>0</u>	<u>(31,152)</u>
Cash flows from investing activities:			
Interest and investment earnings	53,761	0	53,761
	<u>53,761</u>	<u>0</u>	<u>53,761</u>
Net increase in cash and cash equivalents	92,904	0	92,904
Cash and cash equivalents, beginning of year	930,541	0	930,541
	<u>930,541</u>	<u>0</u>	<u>930,541</u>
Cash and cash equivalents, end of year	<u>\$ 1,023,445</u>	<u>\$ 0</u>	<u>\$ 1,023,445</u>